

DOCKET SECTION

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001**


POSTAL RATE AND FEE CHANGES, 1997)

RECEIVED
FEB 11 4 47 PM '98
Docket No. R97-1
OFFICE OF THE CLERK

**RESPONSE OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.,
VAL-PAK DEALERS' ASSOCIATION, INC., AND
CAROL WRIGHT PROMOTIONS, INC. TO INTERROGATORIES
OF THE MAIL ORDER ASSOCIATION OF AMERICA (MOAA/VP/CW-T1-12-13)
(February 11, 1998)**

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Val-Pak Direct Marketing Systems, Inc., Val-Pak Dealers' Association, Inc., and Carol Wright Promotions, Inc., d/b/a "Cox Direct," hereby provide the responses of witness John Haldi to the following interrogatories of Mail Order Association of America (MOAA/VP/CW-T1-12-13), filed on January 28, 1998. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,



William J. Olson

John S. Miles

Alan Woll

John F. Callender, Jr.

WILLIAM J. OLSON, P.C.

8180 Greensboro Drive, Suite 1070

McLean, Virginia 22102-3823

(703) 356-5070

Counsel for Val-Pak Direct Marketing Systems, Inc.
Val-Pak Dealers' Association, Inc., and
Carol Wright Promotions, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



William J. Olson

February 11, 1998

Response of Dr. John Haldi to MOAA/VP/CW-T1-12
Page 1 of 1

MOAA/VP/CW-T1-12.

On page C-3 in Appendix C of your testimony, you state that the rates “developed for BMC dropship were rounded” in part D of Table C-2.

- a. Please confirm that the “Initial Target Rates” shown in Part C of Table C-2 for no destination entry, SCF and DDU are not utilized in the development of your proposed rates for letters. If you cannot confirm, please explain how the “Initial Target Rates” in Part C of Table C-2 impact your proposed rates.
- b. Please explain why the constructed BMC rates were chosen as the base rates from which the differentials were applied as opposed to the no destination entry, SCF or DDU rates.

Response:

- (a) Confirmed.
- (b) The decision was essentially arbitrary, and the constructed rates for another destination entry point could have been selected for the base rates. The goal was to select base rates that would minimize the necessary adjustment factor that is computed in Table C-3.

MOAA/VP/CW-T1-13.

Please provide sources and all workpapers supporting the following values found in Table C-10 of your testimony:

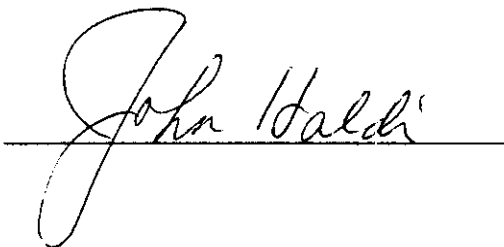
- a. Basic rate of \$0.167 per piece:
- b. Presort discount for high density mail of \$0.017 per piece; and,
- c. Presort discount for saturation mail of \$0.012 per piece.

Response:

- (a) The Basic rate for nonletters with no destination entry was constrained, or “capped,” at \$0.167 per piece, for reasons discussed in my testimony; see page 52, lines 5-15.
- (b) and (c) Because the Basic rate was constrained, the presort discounts also had to be constrained, see my testimony, page 52, lines 15-19. The percentage passthroughs of the cost differences between (i) Basic-High Density and (ii) High-Density-Saturation were reduced equally, to 60 percent. The cost differences can be computed from the unit costs shown in Table C-8. For example, in the No Destination Entry column, the cost difference for Basic-High Density is \$0.0283. Similarly, the cost difference for High Density-Saturation is \$0.0195. Sixty percent of each respective figure (rounded), is \$0.017 and \$0.012, respectively.

DECLARATION

I, John Haldi, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in cursive script, reading "John Haldi", is written over a horizontal line.

Dated: February 11, 1998